

Message Text

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ACTION EUR-25

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SPC-03 PM-07 NSC-10 SS-20 TRSE-00 SCEM-02 SCI-06

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FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 2297

INFO AMEMBASSY BONN

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UNCLAS THE HAGUE 4835

DEPT PASS LABOR

E.O. 11652: N/A

TAGS: ELAB, NL

SUBJECT: UNIONS AND MANAGEMENT FAIL TO AGREE ON

1974 CENTRAL ACCORD

1. SUMMARY. DESPITE LAST MINUTE GOVERNMENT EFFORTS TO FORESTALL BREAK, UNION AND MANAGEMENT REPRESENTATIVES TERMINATED NEGOTIATIONS ON CENTRAL ACCORD (VOLUNTARY NATIONWIDE AGREEMENT ON 1974 WAGE AND PRICE GUIDELINES) ON NOVEMBER 1. IF GOVERNMENT UNSUCCESSFUL IN GETTING PARTIES BACK TO BARGAINING TABLE, IT MAY HAVE TO DECIDE WHETHER MANDATORY WAGE AND PRICE BILL WILL BE NECESSARY TO PREVENT ECONOMIC DISLOCATION IN 1974. END SUMMARY.

2. EMPLOYER AND UNION REPRESENTATIVES, MEETING UNDER AUSPICES OF CENTRAL LABOR FOUNDATION, BROKE OFF TALKS ON 1974 CENTRAL ACCORD NOVEMBER 1. BOTH FACTIONS UNCLASSIFIED

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CLAIMED THEIR DIFFERENCES IRRECONCILIABLE. GON

DELEGATION COMPOSED OF PRIME MINISTER DEN UYL, MINISTER OF SOCIAL AFFAIRS BOERSMA, AND MINISTER OF FINANCE DUISENBERG MET WITH GROUPS BUT WERE UNSUCCESSFUL IN EFFORT TO HAVE THEM POSTPONE DECISION TO END NEGOTIATIONS IN ORDER PERMIT GOVERNMENT CONSIDER QUESTION. AS TO NOVEMBER 1 THERE WILL BE NO RPT NO GENERAL GUIDELINES FOR COLLECTIVE BARGAINING IN VARIOUS INDUSTRIES. BARGAINING SCHEDULED TO BEGIN ON OR ABOUT JANUARY 1. UNIONS HAVE ANNOUNCED THAT PROPOSALS WHICH THEY HAVE PRESENTED AND EMPLOYERS HAVE REJECTED WILL BE BASIS FOR THEIR BARGAINING. SIMILARLY, EMPLOYERS MAINTAIN THEIR CURRENT POSITION REPRESENTS MAXIMUM OFFER.

3. PRINCIPAL DIFFERENCES OF OPINION DIVIDING TWO PARTIES CONCERN (A) PRICE COMPENSATION, (B) WAGE INCREASES, AND (C) INCOMES POLICY. EMPLOYERS CONTEND THAT UNIONS' DEMAND FOR A CERTAIN PERCENTAGE COMPENSATION FOR ANY PRICE INCREASES WOULD HAVE DISASTROUS EFFECT ON SOME INDUSTRIES. EMPLOYERS OFFER 2.25 PERCENT REAL WAGE INCREASE IN 1974 BUT UNIONS DEMAND 2.50 PERCENT. ON INCOME DISTRIBUTION, UNIONS WANT THOSE WITH INCOMES OVER 35,000 GULDERS PER YEAR TO RECEIVE LESS COMPENSATION, WHILE EMPLOYERS FEEL INDIVIDUALS WITH THIS INCOME SHOULD RECEIVE SAME PERCENTAGE OF COMPENSATION FOR PRICE INCREASE AS LESSER PAID WORKERS.

4. PM DEN UYL INDICATED THAT AFTER CURRENT IMPASSE DISCUSSED WITHIN CABINET, GOVERNMENT MAY MAKE ANOTHER EFFORT TO GET EMPLOYERS AND UNIONS TALKING. MINISTER OF SOCIAL AFFAIRS BOERSMA SAID NOVEMBER 1 THAT HE AGREES WITH EMPLOYERS THAT HIGHER INCOME PERSONNEL MUST PARTICIPATE ACTIVELY IN COLLECTIVE BARGAINING ON ISSUES WHICH CONCERN THEM AND FEELS EMPLOYERS ARE CORRECT IN STATING UNIONS' DEMANDS MAY DAMAGE WEAKER SECTORS OF THE ECONOMY. BOERSMA, HOWEVER, AGREES WITH UNIONS' VIEW THAT HIGHER INCOMES MUST RECEIVE LESS PERCENTAGE COMPENSATION FOR PRICE INCREASES. HE VIEWS UNION PROPOSAL AS DESIRABLE FIRST STEP IN NARROWING GAP BETWEEN INCOME GROUPS. SOCIAL AFFAIRS MINISTER STRESSED HE OPPOSES ANY EFFORT BY GOVERNMENT TO IMPOSE WAGE OR PRICE CONTROLS.

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HE ADMITTED, HOWEVER, CONSEQUENCES OF OIL BOYCOTT FOR DUTCH ECONOMY MIGHT BE SUCH THAT HE WILL HAVE TO REVIEW THIS POSITION.

5. BOARDS OF ALL UNIONS AFFILIATED WITH NATIONAL TRADE UNION CENTERS MET EVENING OF NOVEMBER 1 AND UNANIMOUSLY APPROVED POLICY OF UNION LEADERSHIP DURING NEGOTIATIONS. INDIVIDUAL UNIONS WILL NOW CONSULT RANK

AND FILE AND ANNOUNCE RESULTS THIS CONSULTATION
NOVEMBER 26. ADDRESSING OIL CRISIS AND UNIONS' VIEW
ON POSSIBLE WAGE AND PRICE MEASURE, NKV CHAIRMAN SPIT
SAID UNIONS WOULD HAVE TO WAIT TO SEE RESULTS OF OIL
BOYCOTT BEFORE TAKING ANY POSITION. SPIT NOTED,
HOWEVER, THAT GOVERNMENT WOULD HAVE BEEN IN A FAR BETTER
POSITION TO DEAL WITH OIL BOYCOTT IF CENTRAL ACCORD
CONCLUDED.

6. COMMENT: DEPARTMENT WILL RECALL THAT THERE ALSO
CONSIDERABLE DIFFICULTY IN FRAMING 1973 CENTRAL ACCORD
LAST YEAR, BUT COMPROMISE REACHED AT 11TH HOUR.
DISAGREEMENT WITHIN PREVIOUS (BIESHEUVEL) GOVERNMENT ON
NEED FOR WAGE AND PRICE CONTROLS ALSO PRIMARY CAUSE OF
ITS COLLAPSE. PROSPECTS FOR 1974 CENTRAL ACCORD
ARE NOT HOPEFUL AT THIS JUNCTURE. NEVERTHELESS, IF GON
IS ABLE EXPLOIT SENSE OF NATIONAL RESPONSIBILITY AND
SOLIDARITY, WHICH COULD DEVELOP AS RESULT OIL BOYCOTT, IT
MIGHT BE ABLE SHAME UNIONS AND EMPLOYERS BACK TO
BARGAINING TABLE. FOR A GOVERNMENT FACING "MOST
SERIOUS CRISIS SINCE THE WAR," I.E. OIL BOYCOTT,
PROSPECT OF GOING INTO 1974 WITH NO BINDING NATIONAL
GUIDELINES FOR COLLECTIVE BARGAINING AND THE POTENTIAL
LABOR UNREST AND ECONOMIC DISLOCATION AN ABSENCE SUCH
GUIDELINES MIGHT PRODUCE, IS ECONOMICALLY AND
POLITICALLY RATHER UNSETTLING.
GOULD

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